

Message Text

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ACTION IO-14

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NESCO

E.O. 11652: N/A
TAGS: AORG, UNESCO
SUBJECT: UNESCO: GENEVA GROUP PARTY MEETING WITH THE
DIRECTOR GENERAL

REF: PARIS 37836 (PARA 6)

1. THE CHAIRMAN OF THE GENEVA GROUP (UNESCO, AMB. TORRES, PAID THE DIRECTOR GENERAL A CALL ON JANUARY 3 TO DISCUSS ON BEHALF OF IMPORTANT CONTRIBUTORS VARIOUS MATTERS RELATING TO UNESCO FINANCES. HE WAS ACCOMPANIED BY THE PERMANENT DELEGATES OF BELGIUM, CANADA AND ITALY.

2. THE CONVERSATION, WHICH LASTED OVER AN HOUR, WAS MOST CORDIAL AND WAS RESUMED AT LUNCH IN THE UNESCO RESTAURANT, ALSO JOINED BY DEPUTY PERMREP WARVARIV.

3. FOLLOWING ARE MAIN POINTS TOUCHED UPON DURING THESE INFORMAL EXCHANGES. THE GENEVA GROUP (GG) PARTY
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EXPLAINED THAT THEIR PURPOSE WAS NOT TO CREATE EMBARRASSMENT FOR DIRECTOR GENERAL, BUT TO MAKE CLEAR AS POSSIBLE POSITION OF THE MAIN CONTRIBUTORS ON THE NEXT BUDGET SO THAT IT WOULD BE TAKEN INTO ACCOUNT BEFORE A FINAL DRAFT WAS SUBMITTED TO THE DG BY THE SECRETARIAT FOR APPROVAL AND PRINTING. THEY STRESSED THAT THE GOVERNMENTS PROVIDING MORE THAN HALF

OF UNESCO FUNDS WERE CONCERNED AT THE QUASI-AUTOMATIC INCREASES IN UNESCO ESTIMATES AT A TIME WHEN THEY ARE FACING SERIOUS ECONOMIC AND FINANCIAL DIFFICULTIES. IN THIS REGARD, THEY LEFT WITH M'BOW COPY OF THE STATEMENT READ BY BELGIAN PERMREP ON BEHALF OF FOURTEEN COUNTRIES, ON THE OCCASION OF ADOPTION OF THE FAO BUDGET, IN WHICH IT IS INDICATED THAT GOVERNMENTS CONCERNED WILL BE ABLE TO APPROVE BUDGET INCREASES IN UN SPECIALIZED AGENCIES ONLY TO THE EXTENT THAT THESE INCREASES ARE COMPATIBLE WITH THE SEVERE RESTRICTIONS THEY HAVE DEEMED IT NECESSARY TO IMPOSE ON THEMSELVES.

4. WHILE THE GG PARTY KEPT TO PRINCIPLES AND METHODS AND AVOIDED CONSIDERATION OF TECHNICAL DETAILS, IT MENTIONED SUCH RELEVANT ASPECTS AS THE USE OF CONSTANT DOLLAR VALUE; CALCULATION OF INFLATION RATES WITHIN THE FRAMEWORK OF SEMI-FULL BUDGETING; THE OECD FIGURE OF 6 1/2 PER CENT AS A REALISTIC FORECAST OF INFLATION; THE INDICATIVE RATHER THAN BINDING CHARACTER OF GROWTH RATES; THE NEED TO FIND OTHER WAYS THAN RECOURSE TO SAVINGS TO HELP THE POOREST COUNTRIES; THE ADVISABILITY OF BASING CALCULATIONS OF BUDGET ON ACTUAL EXPENDITURES RATHER THAN THE TOTAL APPROPRIATIONS FOR THE PREVIOUS BIENNIUM, AND NEED TO ESTABLISH PRIORITIES AMONG VARIOUS ITEMS OF PROGRAMMES ACCORDING LIMITED OFFICIAL USE

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TO DECISION OF ECOSOC.

5. DIRECTOR GENERAL RESPONDED WARMLY TO THIS FRIENDLY APPROACH AND SAID HE HOPED THAT THE DIALOGUE JUST BEGUN WITH THE PARTY COULD GO ON SO THAT HE COULD BENEFIT FROM THE VIEWS AND ADVICE OF SOME OF UNESCO'S MAIN SUPPORTERS AND EXPLAIN TO THEM HIS HOPES AND THE CONSTRAINTS UNDER WHICH HE HAD TO CARRY OUT HIS MANDATE. HE ADDED THAT HIS OWN THOUGHTS HAD OFTEN TURNED IN RECENT WEEKS TO QUESTIONS RAISED, AND PARTICULARLY DURING THE CHRISTMAS WEEK WHEN HE HAD TIME TO REFLECT ON CURRENT DEVELOPMENTS.

6. THE DG RECOGNIZED THAT THE POINTS WERE WELL-MADE AND THAT HIS MIND HAD TAKEN IN MANY INSTANCES A SIMILAR DIRECTION. FOR INSTANCE, HE HAD ALREADY ORDERED A THOROUGH EXAMINATION OF THE WAY IN WHICH PROGRAMMES ACTUALLY WERE CARRIED OUT. HE HAD MADE SAVINGS IN THE MOST EXPENSIVE SECTOR, THAT OF SALARIES, MAINLY BY APPLYING THE BRAKE TO RECRUITMENT AND TO PERSONNEL EXPANSION. ALL BUREAUS HAD BEEN FORCED TO REDUCE STAFF. HE HAD DECIDED TO CANCEL NUMBER OF FORMAL RE-

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UNIONS AND ASSEMBLIES IN ORDER TO REPLACE THEM WITH
SEMINARS AND SMALLER LESS COSTLY MEETINGS.

7. THE DG WENT ON TO SAY THAT HE HAD ALSO GIVEN IN-
STRUCTIONS TO REDUCE TRAVEL COSTS. THE ECONOMIES
ACHIEVED ON THE AGIO ACCOUNT AMOUNTED TO \$354,000. HE
GAVE A BREAK-DOWN OF THIS TOTAL. HE STRESSED THAT
TREASURY PROBLEMS WERE BY NO MEANS ALLAYED, AND EX-
PRESSED HOPE THAT UNCERTAINTIES REGARDING THE REIMBURSE-
MENT OF LOANS FROM FINANCIAL INSTITUTIONS AND FROM
NUMBER OF COUNTRIES, AS WELL AS PAYMENT BY THE US OF
SOME 37 MILLION DOLLARS IN ARREARS, WOULD SOON BE
CLEARED UP. HE UNDERSTOOD THAT THE STATE DEPT. WAS
ACTIVELY SEEKING A SOLUTION TO THIS PROBLEM. ANOTHER
POSITIVE SIGN WAS THE DECISION BY A NUMBER OF CREDITOR
GOVERNMENTS TO POSTPONE UNTIL THE END OF 1978 REPAY-
MENTS OF ADVANCES WHICH WERE DUE AT END OF 1977.

8. IN THE OPINION OF M'BOW, THE MAIN CAUSE OF BUDGET
GROWTH WAS INFLATION. IN ABSOLUTE TERMS, HE RECKONED
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THE ACTUAL MONEY INCREASE DID NOT GO BEYOND SOME SEVEN MILLION DOLLARS. CLOSE TO THREE MILLION DOLLARS WERE MADE UP OF UNAVOIDABLE COMPULSORY EXPENSES, E.G., USE OF CHINESE AND SPANISH AS OFFICIAL LANGUAGES OF UNESCO. THE REST OF EXPANSION WAS DUE TO VARIATIONS IN THE VALUE OF EXCHANGE. THE PARTY DID NOT HAVE AN OPPORTUNITY TO GET TO THE CORE OF THE MATTER AND DID NOT PRESS THE DG FOR CORROBORATION OF THESE FIGURES, WHICH HE QUOTED MERELY AS ILLUSTRATIONS OF THE CONSEQUENCES OF INFLATION. HE STATED, HOWEVER, THAT THE ANNUAL GROWTH RATE WOULD REACH BETWEEN 12 AND 13 PER CENT FOR THE NEXT BIENNIUM.

9. AMONG THE ADDITIONAL EXPENSES WHICH HE HAD NO POWER TO CURB, M'BOW SINGLED OUT THOSE REQUIRED BY SCIENTIFIC INTERGOVERNMENTAL COMMITTEES AND COUNCILS, WHICH RECOMMENDED UNDERTAKINGS NOT COMMENSURATE WITH THE PRESENT FINANCIAL MEANS OF UNESCO. HE AGREED THAT MANY ACTIVITIES SHOULD BE ABOLISHED WITHIN ONGOING PROGRAMMES WITHOUT IMPAIRING THE PROGRAMS THEMSELVES. IT WAS INDISPENSABLE, M'BOW SAID, THAT THE EXECUTIVE BOARD AND THE GENERAL CONFERENCE DEFINE WHAT THEY EXPECTED OF HIM AND THE SECRETARIAT. HE THOUGHT THE EXBD HAD BEEN REMISS, DURING ITS LAST SESSION, IN DODGING THE ISSUE OF GROWTH RATES. IT HAD BEEN RECOMMENDED TO THE SECRETARIAT BY PREVIOUS SESSIONS OF THE GEN CONF. THAT BUDGET SHOULD BE BASED ON ACTUAL DISBURSEMENTS RATHER THAN FORECASTS WHICH MAY HAVE BEEN OFF THE MARK. HOWEVER, IT IS IMPOSSIBLE, UNTIL THE LAST MONTHS OF A BIENNIUM, TO KNOW EXACTLY WHAT HAS BEEN SPENT AND WHAT HAS BEEN SAVED. NEVERTHELESS, THE DG SAID THAT THIS TOPIC WAS UNDERSTUDY IN THE CURRENT REVIEW AIMED AT RATIONALIZING METHODS AND LIMITED OFFICIAL USE

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PRACTICES. THE DOCUMENTS IN PREPARATION FOR THE NEXT SESSION OF THE GEN. CONF. SHOULD PRESENT DELEGATES WITH CLEARER AND BETTER MOTIVATED CHOICES THAN IN THE PAST. A GREATER NUMBER OF OPTIONS SHOULD BE AVAILABLE FOR DISCUSSION AND DECISION.

10. THE DIRECTOR GENERAL AGREED THAT 19TH GEN. CONF. RESOLUTION 10.1 REQUESTING HIM TO CHANNEL SAVINGS TO LESS DEVELOPED MEMBER STATES SHOULD NOT BE EXTENDED, INASMUCH AS IT PRE-SUPPOSED THAT HE WAS ASKING

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DELEGATES TO GRANT HIM AN INFLATED BUDGET IN ORDER TO HAVE EXTRA MONEY TO USE HOWEVER HE CHOSE. HE WOULD THEREFORE MUCH PREFER TO EXPAND THE PARTICIPATION PROGRAMME, IN WHICH A SMALL SUBSIDY TO A NATIONAL COMMISSION CAN HAVE A MULTIPLYING EFFECT IN ATTRACTING LOCAL FUNDS. THE GOVERNMENTS OF LESS DEVELOPED COUNTRIES OBJECTED THAT THEY WOULD BE AT A DISADVANTAGE WITH REGARD TO COUNTRIES WHERE NATCOMMS WERE WELL ESTABLISHED. HE HAD REPLIED THAT THIS WOULD PROVIDE FURTHER INCENTIVE FOR LESS DEVELOPED COUNTRIES TO ACQUIRE THE MEANS OF BENEFITTING FULLY FROM UNESCO.

11. IN CONCLUSION, THE DIRECTOR GENERAL THANKED THE PARTY FOR THEIR INITIATIVE. HE INVITED THEM TO MEET HIM AGAIN AFTER HIS RETURN TO PARIS IN THE FIRST WEEK OF FEBRUARY. HE EXPRESSED HOPE THAT THEY WOULD BE IN A POSITION AT THAT TIME TO GIVE HIM PRECISE FIGURES ON THE KIND OF BUDGET THEY WOULD BE PREPARED TO SUPPORT.

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12. COMMENT: PERMDEL BELIEVES THAT THE MEETING
ITSELF AND THE DG'S FRIENDLY DISPOSITION TO DISCUSS
TOUCHY SUBJECT OF UNESCO BUDGET REPRESENT AN
INTERESTING DEPARTURE, ON M'BOW'S PART, FROM HIS
PREVIOUS "HAND-OFFISH" POSITION, AS EVIDENCED BY HIS
AUG. 5, 1977 REPLY TO THE GG'S INITIATIVE. WE WOULD
APPRECIATE DEPT'S REACTION, INCLUDING GUIDANCE RE
PARA 11 ABOVE.
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